

STATOTHR

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IN REPLY REFER TO

DEFENSE CONTRACT AUDIT AGENCY

CAMERON STATION
ALEXANDRIA, VIRGINIA 22314

OSA-0191-68

A-68-5-17

REPLY TO:

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January 10, 1968

SUBJECT: Contract Audit Closing Statement
Honeywell, Inc.
St. Petersburg, Florida
Contract Number FL-CT-4004

TO : Contracting Officer

1. The subject contract was for the procurement of certain spare parts and assemblies. Period of performance was July 1, 1963 through June 15, 1965.

2. An examination of the Contractor's accounting books and records has been made to determine whether the claimed costs are allowable under the terms of the contract. The examination was performed in accordance with generally accepted auditing standards. Audit tests of the accounting records were made on a selective basis to the extent deemed necessary in the circumstances.

3. The results of our examination are detailed in Exhibit A and summarized as follows:

	Cost	Fixed Price Items	Fixed Fee	Total
Contract Funding (Amendment No. 6)				

Cost Claimed

Auditor's Recommended Allowable
Cost

Cost Questioned

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In addition to the above cost questioned, the auditor questioned representing cost billed in excess of the books, which was incurred-in by the Contractor and credit voucher No. 20 dated 25 February 1966 was issued for this amount.

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4. The Contractor lacks an efficient system for control and storage of records. This deficiency in record control and storage resulted in time consuming record-searching, by both contractor personnel and auditor, and the failure of the Contractor to find many requested records.
5. There are no known unclaimed wages, unclaimed deposits, or unrepresented checks. All credits and refunds through August 1966 are reflected in the auditor's examination.
6. There are no outstanding GAO inquiries or notices of exception affecting cost approved for final payment.
7. Contractor presently holds residual material which occasionally is sold for other use. A project number has been established for recording the credit due this contract from sale of residual material. This final audit includes all credit due the contract through August 1966.
8. The results of the audit have been discussed with the Contractor's representatives and the contractor concurs with part of the questioned costs and has issued credit voucher No. 22, dated 17 October 1966 for \$2,615.54.


ARTHUR G. HANLEY
DCAA Representative - APL

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